



BIG MOUNTAIN SEWER DISTRICT

PO Box 1252
Whitefish, Montana 59937

Board of Directors Minutes

February 9, 2021 9:00 am

PLEASE NOTE: Public attendance at this meeting was via ZOOM.

1. CALL TO ORDER

President Sato called the meeting to order at 9:05 a.m. Present were Brad Kincaid, Al Clough, Kathy McAughan, Jason Hanchett, Paul Montgomery from Anderson-Montgomery, and Leslie Bales. Absent: Greg Ferrian.

2. INTRODUCTIONS

President Sato asked the Board to introduce themselves, along with Paul Montgomery. Also present were Andy Evensen, Evensen consulting, Steve Camp, Essential Montana Experience and attending via ZOOM were Charlotte Greenberg and Cherie Ross. Jordan Mallett of Jackola was also in attendance.

3. PUBLIC COMMENT

Charlotte Greenberg spoke, saying she had three questions

- a. Does BMSD get bids? Hanchett and Montgomery both replied that yes they follow state regulations for purchases, with Hanchett adding if there is an emergency they must respond immediately.
- b. Are the BMSD financials available online? Bales responded the Annual Financial Report is available on the Montana State website. Greenberg asked if BMSD had a website with financials? Bales responded no, but will send her the agenda packet which includes the financials.
- c. Who has oversight for the district? Board responded since BMSD is a county sewer district both Flathead County and State of Montana have oversight

4. PRESENTATIONS

A. Andy Evenson, engineer for Will Edson spoke regarding the proposal for a condo development on Winter Lane, Lot 7B (there is no address assigned yet). The plan is to construct four separate condo cabins similar to Edson's last development on 3674 Gelande Street on a little less than ¼ acre. Evensen reported the preliminary layout was included with the agenda packet. Individual water and sewer connections are planned for each structure, with DEQ and Flathead County subdivision review. Evensen continued that Edson will need a will-serve letter allowing the development and asked the Board what the district will need to approve and provide the will-serve letter. Hanchett reported he had what he needed for the project, adding currently the lot has a single sewer service with easement to Gelande Street. Hanchett stated they will have to review grinder pumps versus gravity flow. The Board asked about water with Hanchett replying these units will be ¾" to 1" with Evensen adding these will be 4-bedroom, 3-bath units and taller than the first set of cabins. Hanchett clarified they will still be 1". Kincaid made motion to provide Will Edson with a will-serve letter for the proposed project on Lot7B (4 EDU's), Winter Lane, second by Clough.

Motion carried with Kincaid, McAughan, Clough, and Sato voting in favor, and Ferrian ABSENT.

- B. Paul Montgomery, Anderson-Montgomery gave a short update on the Inflow and Infiltration (I&I) project addressing clear water infiltration for the collection system. Handouts and map were distributed to the Board. Montgomery reported that after review of the flow and monitoring of the flow meters for Elk Highlands and the Village area, it was painfully evident the clear water is coming from the Village, with Montgomery giving a more detailed explanation of the areas of infiltration. Montgomery continued in April 2019 they did flow testing in the Village, popping manholes and testing – clear and cold, or warm and dirty. The District also hired A-1 Sanitation to do closed circuit inspection (CCV) which was completed in May 2020. Montgomery reported the tapes have been reviewed and 1750' of main has been identified with observable I&I. Montgomery continued it appears a lot of the inflow is coming from service connections, stating a lot of small leaks is more problematic than a few large leaks. Leaks in service lines are harder to fix, as they cannot be camera'd. Discussion of exact user responsibility and district responsibility followed. President Sato researched and per Section 14, page 12 of Ordinance #1 the service line is the responsibility of the property owner. Discussion of inflow and how manholes are fixed – dishes, pick hole plugs, etc. to minimize inflow, with Hanchett reporting on seven manholes that were mesh wrapped last fall. Discussion of snowpack, age of the system, upcoming maintenance of the system, the RSID for sub 1 followed. Clough asked if there was any evidence of effluent bubbling with Hanchett replying only in rare emergency situations, and these are immediately taken care of. Montgomery went through the map showing problem areas.

Montgomery reported they had applied for RRGL and TSEP grants for BMSD, and BMSD ranked in the fundable threshold for RRGL (\$125,000) and outside the funding threshold for TSEP (\$500,000). Montgomery explained sometimes the legislature votes to fund all projects, but that won't be known until the legislative session ends later this spring. Kincaid asked about requirements for BMSD for grant funds. Montgomery explained TSEP is dollar for dollar match required, the RRGL money can be used for part of the match, along with SRF loans, and reserves the District already has. Montgomery continued BMSD can apply again in 2022 for TSEP, and we can ask RRGL if we can proceed with a project with less scope. After we learn the final outcome of TSEP, BMSD can determine the scope of project, and apply for an SRF loan. If we can go with a drawn back project scope the timeline would be: notified in April, money in June with project design beginning in April using local money and we could complete the project in 2021. Discussion followed on following state law for bids and quotes, SRF loan, TSEP funding and match, and million dollars for total project cost. Montgomery will keep the Board informed of any updates.

Jordyn Mallett, Jackola spoke regarding the proposed project at 3844 Winter Lane reporting initially this property had approvals in 2006 for 5 commercial spaces and 12 residential units but the design has been updated to 12 2-bedroom, 2-bath units and 4 studios. Today after the meeting they will be working with A-1 Sanitation to camera the lines, with the plan to be upgrading from 6" to 8" mains, and then tying into the main on Big Mountain Road. Mallett reported they will be undergoing review by

Flathead County, but the scope of this project does not require DEQ approval at this time. During the review by Flathead County, if scope of project would require DEQ, Flathead County will recommend the project be sent to DEQ. Discussion of EDU's followed, with Hanchett stating the units would be ¾ to 1" meters, and BMSD Board agreeing the current plan for this project would mean a total of 16 EDU's. Kincaid made motion to prepare a will serve letter for the 3844 Winter Lane project approving the 16-plex with 16 EDU's, second by McAughan. Motion carried with Kincaid, McAughan, Clough, and Sato voting in favor. Ferrian was ABSENT.

5. REVIEW OF MINUTES

McAughan made motion to approve the minutes of the December 8, 2021 meeting as presented, second by Kincaid. Motion carried with McAughan, Kincaid, Clough and Sato voting in favor. Ferrian was ABSENT.

6. FINANCIAL REVIEW

- a. *Balance Sheet
- b. *Income Statement
- c. *Cash Flow
- d. *City of Whitefish Usage/Fees
- e. *Check Register
- f. *YTD Tax Revenues
- g. *Actual vs Budget
- h. *2020 1099's

Kincaid made motion to approve the financials excluding the Budget to Actual, second by Clough. Motion carried with Kincaid, Clough, McAughan and Sato voting in favor. Ferrian was ABSENT. Bales was asked to redo the Budget to Actual and send it to the Board for review.

7. OLD BUSINESS

- a. Grant Application
Montgomery addressed the next steps in his presentation.
- b. Commitment/Planned EDU's
Kincaid reported there are 815 platted EDU's and 702 committed EDU's based upon proposed development within the BMSD. Kincaid continued this totals 1517 platted EDU's, and our agreement with City of Whitefish is for 2000 EDU's. This allows us to approve the additional EDU's for the two projects presented this morning. The Board concurred. The Board also thanked Dan Graves for the detailed report on EDU's shared with the BMSD Board.
- c. Water Meters
Sato reported the email from Hanchett was just shared with the Board so we are all more aware of the requirements for the different types of buildouts within the BMSD.
- d. 3844 Winter Lane
See detail by Mallett from Jackola Engineering for the proposed 16-plex under Presentations above.
- e. Lower Sub, Lot #1 Hanchett reported there had been no further updates since our meeting in December on the proposed 3-plex project by Derek Jones. .
- f. Updated Application for Plant Investment Fees/Construction

Sato reported she had shared the update Application for Sewer Service with the HOA's, and the Big Mountain website now contains all the regulations and who to contact when tapping service lines, 48 hours notice required and construction design standards.

g. Audit Status

Bales reported we have received the draft audit for FY2019 and FY2020. There were only three findings in the draft report. 1) Segregation of Duties – which is very hard with such a small staff, and BMSD already takes action to ensure we are monitoring expenditures by requiring two signatures on all checks, and by the Treasurer reviewing the bank reconciliations on a monthly or quarterly basis depending upon the frequency of the bank statements. 2). 2014 had an audit comment regarding the rates since BMSD charged rates lower than the expenditures for FY14. Bales submitted comments and rates for 2015 through FY21 to ensure that this has been corrected. 3) The Accounting Procedures manual is outdated and will need to be updated within the next year. Bales added she brought the management letter from Doyle & Associates for signature, after which the final audit will be released.

h. Board Reference Materials update

McAughan reported she went through the manual started by Ruoff, putting things in order and adding minutes that were missing from the book. Plans to scan the book and make zip drives for Board members is still in process. The Board thanked her for her work. Clough will take the binder to review.

i. Upcoming Rates for FY21-22

Bales reported on the spreadsheets prepared for the Board. Upon research Bales reached out to City of Whitefish and got copies of their sprinkling regulations. Discussion followed with the Board concurring to use the same winter months as City of Whitefish – November through May with June through October as the potential “sprinkling” months. The sprinkling break is a method in which users are given a break in sewer gallonage for gallonage used above their winter average during the designated summer months. This means the user would pay for the water consumption, but not for the sewer treatment above their average, as it is assumed that during the summer they would be using additional gallonage to sprinkle their flowers, lawn, garden, etc. Whitefish has a maximum sprinkling break of 12,000 gallons per month times the five summer months to a total of 60,000 gallons reduction in their sewer bill. Bales also explained she had used 3300 gallons per month as the gallonage that the annual fee currently charged would allow users based upon the actual average gallons for all single-family properties. Prior rate studies had used 5000 to 6000 gallons, the Board would prefer to stay with the higher 5000 to 6000 gallons as the purpose is to define “high-usage” of the system. Discussion continued regarding base gallonage, classifications of properties – single-family residential, townhomes, condos, duplexes, and commercial, along with high usage issues, timing of the usage and billing, etc. Bales will sort the usage spreadsheet for the seven winter months, and the five summer months and send out to the Board. A workshop will be held in Tuesday, March 16 for rate study discussion.

8. NEW BUSINESS

a. Maintenance Update

Hanchett reported there have been no maintenance projects since the December meeting, and they continue to monitor the system and lift stations. Hanchett stated they plan for camera work in the main trunk line from the boneyard down with A-1 Sanitation in the spring .

b. Winter Lane – Lot 7B

The proposed 4-cabin project by Will Edson was discussed under presentation.

c. 162 Ridge Run Drive

Sato reported she contacted by Jim Stroud, president of the HOA regarding this home and garage and how they are renting. A homeowner had filed a violation with Flathead County regarding renting of the two properties. One option would be for the owner to subdivide the property and retain ownership of both pieces. Sato reported she checked with Hanchett as to how this would affect the sewer for this property. Sato continued they would have to abandon the Y-connection and have separate water meters in each structure and separate sewer taps. This would result in two assessor numbers, and two services. Sato reported she also visited with Craig Workman, PW Director for City of Whitefish and there would be no additional Plant Investment Fees unless the property was remodeled. Sato continued these modifications would all be at the owner's expense. Sato stated the Board does not need to take any action, this was for information only.

d. 3870 Winter Lane – Rohde

Hanchett reported he has 3862 as the address for this property, and the owners are living in the garage apartment with their home to be built out at a later date. At this time there is a temporary meter, but their usage is being billed. Once the home has been completed they will have a 1 ½" meter and their EDU charge will increase accordingly at that time.

e. Flathead County Boards page

Bales reported the Flathead County Boards page has been updated with the new BMSD board members.

f. Update Emergency Call List

Bales asked the Board to review their contact information and get back to Bales with any changes or updates.

g. *Plant Investment Fees

- i. 146 Inspiration Loop, Lot #9/JZ Holdings \$6445.62
- ii. 142 Inspiration Loop, Lot #10/JZ Holdings \$6445.62
- iii. 138 Inspiration Loop, Lot #11/JZ Holdings \$6445.62
- iv. 134 Inspiration Loop, Lot #12/JZ Holdings \$6445.62

McAughan made motion to approve and accept the plant investment fees for 146, 142, 138, and 134 Inspiration Loop in the amount of \$6445.62 each, second by Clough. Motion carried with McAughan, Clough, Kincaid, and Sato voting in favor. Ferrian was ABSENT.

9. MISCELLANEOUS FOR THE GOOD OF THE ORDER

a. Schedule Next Meeting

The rate study workshop is scheduled for **Tuesday, March 16, 2021** at 9 a.m. in the Northern Lights Conference Room, Kandahar Lodge.

The next regular meeting will be held on **Tuesday, April 6th** at 9 a.m. in the Northern Lights Conference Room, Kandahar Lodge.

10. INFORMATIONAL CORRESPONDENCE (available for review from Administrative Manager)

- a. Montana Rural Water Systems – 2021 Member Directory
- b. H2O News 4-You Fall/Winter 2020
- c. Christmas card from Anderson-Montgomery
- d. banyondata – Utility Billing Software Solutions
- e. Mission Communications – Informational Mailing
- f. 1099-Int statement from Whitefish Credit Union
- g. Glacier Bank – Annual interest statement
- h. City of Whitefish – Updates to Rental Property Bills as of 2/18/2020

The meeting was adjourned at 10:51 a.m.



Jennifer Sato, President



Leslie Bales, Secretary